



Oregon

John A. Kitzhaber, M.D., Governor

Public Utility Commission

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September 25, 2001

SEP 26 2001

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MAGALIE R. SALAS
OFFICE OF THE SECRETARY
FEDERAL COMMUNICATIONS COMMISSION
445 12TH STREET SW
WASHINGTON DC 20554

RE: CC Docket No. 96-45--State Certification for Federal Universal Service Support

Enclosed please find an order of the Public Utility Commission of Oregon certifying the rural telephone companies listed in Appendix A, pages 3 and 4, to the order as eligible to receive federal universal service high cost support. The order is pursuant to the FCC's RTF Order 01-157 in CC Docket No. 96-45.

Questions regarding the order may be directed to Tom Turner of my staff at (503) 378-6730. Tom's e-mail address is tom.turner@state.or.us.

Phil Nyegaard
Director
Utility Program

Enclosure

cc: Irene Flannery
Universal Service Administrative Company
2120 L Street, NW – Suite 600
Washington, DC 20037

All Oregon Rural Local Exchange Carriers

All parties to PUC Docket UM 873

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ORDER NO. 01-819

ENTERED SEP 24 2001

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 873

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In the Matter of Applications to be
Designated Eligible Telecommunications
Carriers in the State of Oregon.

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ORDER

**DISPOSITION: ELIGIBLE RURAL TELECOMMUNICATIONS
CARRIERS DESIGNATED**

The federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), requires state commissions to designate a common carrier that meets certain requirements as an eligible telecommunications carrier for a service area. The requirements include offering services supported by the federal universal service support mechanisms and advertising the availability of those services in media of general distribution.

At the Commission's December 2, 1997, Public Meeting, we designated 34 rural and nonrural incumbent telecommunications service providers as eligible for federal Universal Service Fund (USF) support. Our decision was memorialized in Order No. 97-481.

On May 23, 2001, the Federal Communications Commission (FCC) released Order No. FCC 01-157. Among other things, the order requires states to file annual certifications with the FCC certifying that the use of federal universal service funds is consistent with Section 254(e) of the Act. In order for rural telecommunications carriers to continue to receive federal support after January 1, 2002, the FCC requires that state certifications be submitted to the FCC and the Universal Service Administrative Company by October 1, 2001.

In response to Staff requests, 32 Oregon rural telecommunications carriers filed signed and sworn affidavits attesting to the use of federal USF support in compliance with the FCC rule. We addressed the certification matter at our Public Meeting on September 11, 2001, and adopted Staff's recommendation to certify the responding telecommunications carriers. The Staff report, which includes a list of the 32 carriers, is attached to this order as Appendix A.

CONCLUSIONS

The 32 rural telecommunications carriers listed on Appendix A to this order are qualified for designation as telecommunications carriers eligible to receive federal universal service support.

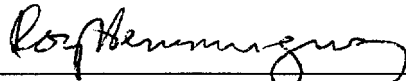
ORDER

IT IS ORDERED that:

1. The rural telecommunications carriers listed on Appendix A to this order are designated as telecommunications carriers eligible to receive federal universal service support;
2. We certify that all federal high cost support (which includes high cost loop support, local switching support, high cost support received pursuant to the purchase of exchanges, high cost model support, and hold harmless support), will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with Section 254(e) of the Act; and
3. As required by the FCC, this certification refers to CC Docket No. 96-45.

Made, entered, and effective

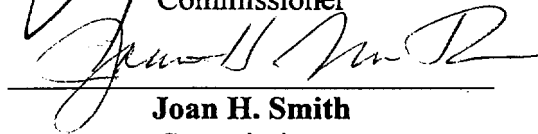
SEP 24 2001



Roy Hemmingway
Chairman



Lee Beyer
Commissioner



Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order to a court pursuant to ORS 756.580.

UM873ordr.eligible carriers

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 11, 2001

REGULAR X CONSENT EFFECTIVE DATE October 1, 2001

DATE: August 31, 2001

TO: Phil Nyegaard

FROM: Tom Turner through Dave Booth

SUBJECT: Certification of Eligible Rural Telecommunications Carriers for Federal Universal Service Support (Docket UM 873)

SUMMARY RECOMMENDATION:

Staff recommends that the Commission certify the rural telecommunications carriers listed in Exhibit A to this report as eligible to receive high-cost support from the federal Universal Service Fund (USF).

DISCUSSION:

Section 214(e)(2) of the Telecommunications Act of 1996 (the Act), delegates to State Commissions authority to designate eligible carriers to receive federal USF support. To qualify for federal USF support a carrier shall, throughout the service area for which designation is received:

- A. Offer the services that are supported by the federal USF mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's service; and
- B. Advertise the availability of such services and the charges therefor using a media of general distribution. (Section 214(e)(1) of the Act)

Based on compliance with these federal requirements, the Commission, at its December 2, 1997, Public Meeting, designated 34 rural and non-rural incumbent telecommunications service providers as eligible for federal USF support. See Order No. 97-481, Docket UM 873.

On May 23, 2001, the FCC released Order No. FCC 01-157. The order adopted certain changes in the cost methodology used by eligible rural telecommunications carriers to

Federal USF Certification
September 11, 2001, Public Meeting Staff Report
Page 2

compute the level of USF support.¹ Importantly, the order also required that states now file annual certifications with the FCC certifying the use of federal universal service funds consistent with Section 254(e) of the Act. Section 254(e) states that a carrier that receives USF support shall use that support only for the provision, maintenance and upgrading of facilities and services for which the support is intended. The FCC adds that the support is intended to enable reasonable comparability of rates between urban and rural areas. See FCC Order 01-157, Paragraph 187.

In order for rural telecommunications carriers to continue to receive federal support after January 1, 2002, the FCC requires that state certification be submitted to the FCC and the Universal Service Administrative Company (USAC) by October 1, 2001. Annual re-certification will be required thereafter. See FCC Order 01-157, Paragraph 192 and 47 CFR 54.314.

On August 3, 2001, I requested that each eligible rural telecommunications carrier submit to the Commission a sworn affidavit attesting to the use of federal USF support in compliance with the FCC rule. A sample copy of the affidavit is attached in Exhibit B. Each of the companies listed in Exhibit A responded with a signed and notarized affidavit. The affidavits will be added to the docket record. Based on the affidavits and because the continued receipt of federal USF support is vital to maintaining reasonable rural telephone rates,² I recommend that the Commission certify the eligibility of the rural telecommunications carriers listed in Exhibit A.

STAFF RECOMMENDATIONS:

Staff recommends that the Commission prepare an order certifying the rural telecommunications carriers listed in Exhibit A to this report as eligible to receive high-cost support from the federal Universal Service Fund.

Attachments

Federal USF Eligibility

¹ The FCC offers three high-cost USF programs: high-cost loop support, local switching support, and long-term support. Based on 2001 estimates, these three programs provide \$1.6 billion in USF support to over 1,300 rural carriers. Changes in the high-cost loop cost methodology will add \$118.5 million, or 7.3 percent to the federal USF programs. See FCC Order 01-157, Paragraph 13 and Footnote 90. Oregon's 32 rural telecommunications carriers currently receive about \$38.9 million in federal high-cost USF support. The changes in the federal cost methodology will add about \$3.4 million or 8.8 percent in federal support.

² On a per line per month basis, federal support for Oregon rural telecommunications carriers will average \$13.36. For two rural carriers, support is over \$100 per line per month.

Federal USF Certification
September 11, 2001, Public Meeting Staff Report
Page 3

Exhibit A
Eligible Rural Telecommunications Carriers of Oregon
Affidavits Certifying to the Use of Federal Universal Service Funds

<u>Company Name</u>	<u>Study Area Code</u>
1. Asotin Telephone Co.	532404
2. Beaver Creek Cooperative Telephone Co.	532359
3. Canby Telephone Assn.	532362
4. Cascade Utilities, Inc.	532371
5. CenturyTel of Oregon, Inc.	532361
6. CenturyTel of Eastern Oregon, Inc.	532361
7. Citizens Telephone Co. of Oregon, Inc.	533401
8. Clear Creek Mutual Telephone Co.,	532363
9. Colton Telephone	532364
10. Eagle Telephone System	532369
11. Gervais Telephone Co.	532373
12. Helix Telephone Co.	532376
13. Home Telephone Co.	532377
14. Malheur Telephone Co.	532456
15. Midvale Telephone Exchange Inc.	532226
16. Molalla Communications Co.	532383
17. Monitor Cooperative Telephone Co.	532384
18. Monroe Telephone Co.	532385
19. Mt. Angel Telephone Co.	532386
20. Nehalem Telephone & Telegraph Co.	532387
21. North-State Telephone Co.	532388
22. Oregon-Idaho Utilities, Inc.	532390
23. Oregon Telephone Corp.	532389
24. People's Telephone Co.	532391

Federal USF Certification
September 11, 2001, Public Meeting Staff Report
Page 4

Exhibit A (Continued)
Eligible Rural Telecommunications Carriers of Oregon
Affidavits Certifying to the Use of Federal Universal Service Funds

<u>Company Name</u>	<u>Study Area Code</u>
25. Pine Telephone System, Inc.	532392
26. Pioneer Telephone Cooperative	532393
27. Roome Telecommunications, Inc.	532375
28. Scio Mutual Telephone Assn.	532397
29. Stayton Cooperative Telephone Co.	532399
30. United Telephone Co. of the Northwest	532400
31. St. Paul Cooperative Telephone Assn.	532396
32. Trans-Cascades Telephone Co.	532378

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